

Single Residential Line UNE Platform Cost for a Profile Customer

| UNE Element | UNE Recurring PUD 960000218 Award | UNE Recurring SGAT | UNE NRC |
|---|--|-------------------------------|-----------------|
| 2-Wire Analog Loop | \$20.70 | \$20.70 | \$47.45 |
| Local Switching - Analog Line Side Port | \$3.00 | \$3.00 | \$80.50 |
| Local Switching - Usage | \$11.78 | \$18.26 | NA |
| Common Transport | \$0.42 | \$0.09 | NA |
| Tandem Switching | \$1.10 | \$0.50 | NA |
| Signaling and Database Queries | \$0.62 | \$0.62 | NA |
| Directory Assistance | \$1.81 | \$1.81 | NA |
| Operator Services | \$1.60 | \$1.60 | NA |
| Service Order | NA | NA | \$58.00 |
| TOTAL | \$41.03 | \$46.58 | \$185.95 |

Residential Single Line Customer Revenue/Platform Cost Analysis

| | PUD 960000218 Interim Pricing Toll Excluded | SGAT Pricing Toll Excluded View | Toll Included View |
|--|--|--|---------------------------|
| Revenue | | | |
| Local | \$27.99 | \$27.99 | \$27.99 |
| IntraLATA Toll ¹¹ | 0.00 | 0.00 | 19.80 |
| InterLATA Access ¹² | \$13.68 | \$13.68 | \$13.68 |
| Total Revenue | \$41.67 | \$41.67 | \$61.47 |
| Cost of Goods Platform¹³ | \$39.69 | \$45.24 | \$41.03 |
| Gross Margin | \$1.98 | (\$3.57) | \$20.44 |
| Gross Margin Percentage | 4.75 | (8.57) | 33.25 |

UNE NRC = \$185.95

**Note: The Gross margin calculated above must offset
the UNE NRC cost in addition to Customer Service,
Sales, General, and Administrative Costs**

¹¹ IntraLATA Toll Revenue was calculated at 90 originating minutes at an average revenue per minute of \$0.22.

¹² InterLATA Access Revenue was calculated as the weighted average (based on the interLATA interstate usage percentage) of the interstate interLATA access rate and the intrastate interLATA access rate times the appropriate minutes of use.

¹³ SGAT, Appendix UNE, ¶ 12.10.2.C states that no ULS usage charges will apply on intraLATA Toll calls because SWBT is retaining this revenue source. The earlier UNE Platform Cost charts assumed AT&T would be paying for all element usage and therefore would be receiving the intraLATA revenue source. The primary elements this affects are unbundled local switching, tandem switching, and common transport. The cost for these three elements, if AT&T were to receive the intraLATA revenue, would be \$1.34. Therefore, with SWBT excluding AT&T from intraLATA toll, the UNE Platform Cost has been reduced by this amount.



ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 EDS11 RECYCLED

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

| | | |
|--|---|------------|
| In the Matter of |) | |
| |) | |
| Application by SBC Communications, Inc. |) | CC Docket |
| for Authorization Under Section 271 of |) | No. 97-121 |
| the Communications Act to Provide In-Region, |) | |
| InterLATA Services in the State of Oklahoma |) | |

**AFFIDAVIT OF RIAN J. WREN
ON BEHALF OF AT&T CORP.**

AT&T EXHIBIT N

FCC DOCKET CC NO. 97-121
AFFIDAVIT OF RIAN J. WREN

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**AFFIDAVIT OF RIAN J. WREN
ON BEHALF OF AT&T CORP.**

I. INTRODUCTION AND QUALIFICATIONS

1. My name is Rian J. Wren. My business address is 5501 L.B.J. Freeway, Suite 800, Dallas, Texas 75240.

2. I am President-Southwest Region for AT&T. In that capacity, I am responsible for managing all aspects of AT&T's local market entry in the Southwestern Region of the United States. The Southwest Region comprises Oklahoma, Texas, Kansas, Missouri and Arkansas. My specific areas of responsibility include negotiating for AT&T's local market entry with Southwestern Bell Telephone Company ("SWBT") pursuant to Sections 251 and 252 of the Communications Act of 1934 as amended by the Federal Telecommunications Act of 1996 ("Act"), and making operational AT&T's local exchange service business in order to meet the requirements of AT&T's consumer and business customers in the Southwest Region for local products and features.

3. I received my Bachelor of Science degree in Electrical Engineering from the New Jersey Institute of Technology (Cum Laude) in 1978, where I was a member of Tau Beta Pi, the National Engineering Honor Society, and Eta Kappa Nu, the Electrical

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Engineering Honor Society. I received a Master of Science - Management degree from Stanford University in 1991.

4. I began my career with AT&T in the Western Electric Company, providing technical support to the Bell Operating Companies ("BOCs") on a variety of software planning tools. My primary role was product management of several engineering, planning and analysis systems used for network design. Since that time, I have held a variety of jobs with Western Electric and AT&T, including responsibility for sales of all AT&T network products, cellular systems and computer systems to NYNEX, and immediately prior to my present position, responsibility for procuring access services for AT&T from U.S. West, Pacific Bell and GTE. I assumed my present position (albeit with a different title) in January 1996.

5. As part of my current responsibilities, I head AT&T's negotiations with SWBT relating to the development of interconnection agreements between AT&T and SWBT in the five-state Southwest Region. I personally participated in many negotiating sessions with SWBT, and I kept myself apprised of negotiations I did not attend and the issues raised in those negotiations. In addition, I spoke to and exchanged letters with executives at SWBT concerning issues of particular importance. As a result of these activities and my previous background, I am generally familiar with the interconnection, pricing, operational and systems issues that have arisen thus far in our negotiations with SWBT under the Act.

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6. The purpose of my testimony is to demonstrate that AT&T is committed to providing local exchange service in Oklahoma on a resale and unbundled network element ("UNE") basis as soon as possible, but that SWBT has taken positions and actions that are contrary to the Act and the Commission's rules, and that will seriously hinder, if not preclude, AT&T and other competing local exchange carriers ("CLECs") from providing meaningful competition for local telecommunications services. As a result, SWBT does not and cannot demonstrate that it has fully implemented the "competitive checklist" that is a prerequisite to interLATA relief, or that such relief would be consistent with the public interest.

7. As a preliminary matter, SWBT has not hidden its hostility to local competition generally, and competition through purchases of UNEs in particular. In a 1995 article on its reaction to proposed legislation to permit local competition, for example, SWBT boasted that "we want to make our welcome mat smaller than anyone else's." Burrows, "Pick of the Litter: Why SBC is the Baby Bell to Beat," Business Week at 72 (March 6, 1996). After the Act became law, SWBT gave an "honest answer" to the Texas Public Utility Commission ("PUC") that it preferred competition through resale to competition through the use of UNEs or a CLEC's own facilities. Statement of Barbara Hunt, Application of AT&T Communications of the Southwest, Inc. for Compulsory Arbitration to Establish an Interconnection Agreement between AT&T and SWBT, Docket No. 16226, Tr. at 4436. (Attachment 1). Most recently, in a letter to me dated April 11, 1997, SWBT

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characterized some of the restrictions or conditions it was imposing in connection with the UNE platform services as part of an effort to prevent "arbitrage of resold services."¹

8. SWBT's attitude toward competition, and its desire to channel CLECs into resale as opposed to other forms of competition authorized by the Act and the Commission's rules, have manifested themselves in a variety of positions and tactics that violate the Act. First, SWBT pursued a negotiation strategy designed to ensure that the Oklahoma Corporation Commission ("OCC") and other regional state regulatory commissions would not be able to decide many important UNE issues in the arbitrations, thereby giving SWBT considerable flexibility to implement interconnection agreements in a manner that would thwart UNE competition. Second, SWBT has engaged in unwarranted delay in developing non-discriminatory access to SWBT's Operations Support Systems ("OSS") through electronic interfaces for UNE ordering and provisioning, repair and maintenance, and billing that would provide CLECs with the same capabilities as SWBT provides to itself. Third, SWBT has imposed numerous anticompetitive restrictions on UNE access that violate the Act, including (1) eliminating through its "design services" policy the ability to migrate a customer from SWBT to AT&T UNE service without service disruption and degradation; (2) trying to erect a licensing requirement as a barrier to use of UNEs; (3) denying AT&T important revenue sources to which AT&T is entitled under the Act when

¹ Letter from Stephen Carter, SWBT, to Rian Wren, AT&T, at 1 (April 11, 1997). (Attachment 2).

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providing UNE service, such as intraLATA toll and access revenues; and (4) charging prices for UNEs that are neither cost based nor just and reasonable as required by the Act and that will virtually preclude AT&T from offering customers a viable UNE-based service. Each of these as well as additional anticompetitive policies and practices are discussed in greater detail in the AT&T affidavits that comprise AT&T's opposition to SWBT's Section 271 application.

II. AT&T's MARKET ENTRY STRATEGY IN OKLAHOMA

A. AT&T Is Committed To Providing Local Service In Oklahoma

9. AT&T is serious about market entry in Oklahoma and has committed substantial resources to local service entry there and in other states. Moreover, unlike some of the other CLECs, AT&T's local service entry plans are not limited primarily to business customers. Instead, AT&T intends to provide a local service alternative to both residential and business customers across the entire State of Oklahoma.

10. Whether AT&T's entry will be successful in providing real alternatives to Oklahoma consumers will depend on whether SWBT fully implements the Act's checklist requirements. This is particularly true of the Act's checklist requirements with respect to UNEs.

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B. Use Of UNEs Is Critical To AT&T's Market Entry Plans

11. The Act's checklist requirements with respect to UNEs are critical to AT&T's market entry plans in Oklahoma. AT&T plans initially to provide local service to customers through resale, but resale offers only a pale imitation of competition at best. As explained more fully in the Affidavit of Steven E. Turner and the separate Affidavit of Robert Falcone and Steven Turner, resale has inherent limitations as a competitive strategy. With resale, AT&T will be locked into SWBT's retail services structure. This is true of feature packages, for example, as well as calling scopes (i.e., the geographic areas within which calls are local, flat-rated calls rather than toll calls). Resale also will place very little pressure on prices offered to Oklahoma consumers, because the wholesale price is based on SWBT's retail rates, including the subsidies and inefficiencies they reflect. Moreover, with resale there is no opportunity for AT&T to provide innovative services through use of new technology; rather, AT&T is tied to SWBT's technology, products and services.

12. For these reasons, while AT&T will initially enter the local services market through resale, AT&T's plan is to migrate as soon as possible to the provision of local service using UNEs. The use of UNEs offers significant advantages with respect to service differentiation, a critical component of competition. In addition, if prices for UNEs are cost-based, as the Act requires, AT&T should be able to provide competitive offerings and build a bridge to facilities-based competition.

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13. AT&T plans to provide differentiated features through use of the UNE platform. The platform is the combining of a group of unbundled network elements obtained from SWBT to provide a customer with local exchange and exchange access services, generally without any physical rearrangement of the facilities serving the customer.² The platform permits a new entrant not only to replicate the customer's existing service with SWBT, but also to offer additional or other services that would not be possible as a reseller. For example, access services can be provided by a purchaser of the platform, but not by a reseller. The platform also permits a new entrant to introduce services that will differentiate itself in the marketplace. For example, as part of the platform, AT&T wants to provide service features and packages, as well as calling scopes, that are different than those offered by SWBT. (See Affidavit of Steven E. Turner).

C. Use Of UNEs Is Also Critical To Development Of Facilities-Based Competition

14. Use of UNEs to provide differentiated services offers a significant competitive advantage over resale, but still has limitations. In particular, a CLEC that provides services using the network of the incumbent local exchange carrier ("ILEC") remains dependent on its competitor for certain ordering, provisioning, maintenance, repair and other functions. This puts the CLEC in a very difficult position. Thus, where it is

² Specifically, the unbundled platform consists of the unbundled loop, local switching, common transport, tandem switching, signaling and call-related databases, and operator services and directory assistance. See Affidavit of Robert Falcone and Steven Turner.

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efficient to do so, AT&T would prefer to provide services over facilities, either its own or those obtained from a third party, that are not subject to the control of the ILEC. By allowing a CLEC to enter the market using the UNE platform, and then replace those elements with its own facilities as technology and market conditions permit, the UNE provisions of the Act provide an important stepping-stone to facilities-based competition by new entrants such as AT&T.

15. In short, so long as SWBT is not allowed to evade the Act's checklist requirements and otherwise engage in violations of the Act, there should be a natural evolution by new entrants such as AT&T from resale to UNEs to independent facilities-based competition. It is this competitive evolution that will provide a true challenge to SWBT's existing monopoly control over local service.

D. SWBT Has Resisted The Provision Of UNEs

16. While some progress has been made with SWBT on resale issues (albeit only with significant concessions by AT&T, and still without meeting all of the Act's checklist requirements), SWBT has fought AT&T at every turn when it comes to meeting checklist requirements with respect to UNEs. SWBT has been particularly vehement in opposing the UNE platform. SWBT has opposed AT&T's use of the platform in arbitrations in each of the five Southwest Region states, losing each ruling.³ SWBT has appealed the

³ Each state commission in the Southwest Region that has been presented with the issue by AT&T and SWBT, including the OCC, has concluded that AT&T may recombine unbundled
(continued...)

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first of these rulings, in Texas, referring to use of the UNE platform as "sham unbundling." Southwestern Bell Telephone Company v. AT&T Communications of the Southwest, Inc., et al., Civil Action No. A-97-CA-4455, United States District Court for the Western District of Texas, Austin Division, Complaint For Declaratory and Injunctive Relief at 19, ¶ 49 and 28, ¶ 72 (filed January 1997). As discussed below, SWBT's intransigence in permitting AT&T to compete with SWBT using UNEs and the platform continues to block AT&T from offering to consumers in Oklahoma all of the benefits promised by the Act.

III. SWBT's ANTI-UNE STRATEGY

17. SWBT's opposition to AT&T's use of UNEs to compete surfaced early in negotiations. It has continued to manifest itself in a wide variety of anticompetitive provisions and restrictions in Oklahoma interconnection agreements and in SWBT's Statement of Generally Available Terms and Conditions ("SGAT") for Oklahoma.

³(...continued)

network elements without restrictions, including combinations to create a service that SWBT provides at retail. See Oklahoma Report And Recommendations Of The Arbitrator at 10, Oklahoma Corporation Commission, Cause No. PUD 960000218 (Nov. 13, 1996) (Oklahoma Arbitrator's Report) ("Arbitrator's Report"), aff'd. in relevant part, Order Regarding Unresolved Issues (No. 407704) at 4, Oklahoma Corporation Commission, Cause No. PUD 960000218 (Dec. 12, 1996) ("OCC Order"); Texas Arbitration Award at 6, Public Utility Commission Of Texas, PUC Docket No. 16189, 16196, 16226, 16285, and 16290 (Nov. 7, 1996) (Texas Arbitration Award); Kansas Arbitration Order at 43, Kansas Corporation Commission, Docket No. 97-AT&T-290-ARB (Feb. 6, 1997) (Kansas Arbitration Order); Missouri Arbitration Order at 13, Missouri Public Service Commission, Case No. TO-97-40 (Dec. 3, 1996); In The Matter Of AT&T Communications Of The Southwest, Inc.'s Petition for Arbitration Of Unresolved Issues With SWBT Pursuant to § 252(b) Of The Telecommunications Act of 1996 at 28, Arkansas Public Service Commission, Docket No. 96-395-U, Order No. 5 (Arkansas Arbitration Order) (Attachment 3).

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18. Item (ii) of the competitive checklist requires a BOC to demonstrate that it is providing "nondiscriminatory access to network elements in accordance with the requirements of sections 251(c)(3) and 252(d)(1)." Section 251(c)(3) in turn requires an incumbent LEC to provide "nondiscriminatory access to network elements on an unbundled basis at any technically feasible point on rates, terms, and conditions that are just, reasonable, and nondiscriminatory" That section also requires an incumbent LEC to "provide such unbundled network elements in a manner that allows requesting carriers to combine such elements in order to provide [a] telecommunications service." Section 252(d)(1) requires that UNE pricing be based on cost. SWBT fails to meet these requirements.

A. SWBT Has Avoided Negotiating Comprehensive Access To UNEs

19. AT&T has made limited progress to date in negotiating an interconnection agreement with SWBT in Oklahoma that comprehensively addresses access to UNEs as well as resale. In my judgment, this limited progress is a direct result of SWBT's negotiation strategy regarding critical UNE issues. SWBT's apparent goal is to achieve an OCC-approved interconnection agreement that covers resale but does not address with the necessary specificity the critical UNE implementation issues. As I will explain, by so doing SWBT has been able to preserve considerable flexibility in trying to dictate the terms for implementing the UNE provisions of interconnection agreements -- flexibility it has used to date to thwart UNE competition.

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1. SWBT Delayed Negotiation On Critical UNE Issues Until After The Parties Were Already In Arbitration

20. The limited progress achieved to date on access to UNEs is a direct result of SWBT's success in delaying discussions regarding many substantive UNE issues until after the time allotted by the Act for negotiations and arbitrations had nearly expired. SWBT is now using the delays for which it is responsible to argue to the OCC that many of the critical issues are not properly before it in the arbitration proceeding.⁴

21. AT&T made its request to SWBT for interconnection in three of the Southwest Region states, including Oklahoma, on March 14, 1996.⁵ Since that date, AT&T's objective has remained constant -- to obtain a comprehensive interconnection agreement for each state permitting entry via resale, UNEs, and interconnection.

⁴ On April 8, 1997, AT&T filed an Application with the OCC requesting that the OCC refer to the Arbitrator resolution of all outstanding issues -- including many UNE issues -- as to the specific terms and conditions that should be included in the interconnection agreement between SWBT and AT&T, consistent with the Arbitration Order entered by the OCC on December 12, 1996 (Order No. 407704, Case No. PUD 9600018). AT&T, Application, Oklahoma Corporation Commission, Cause No. PUD 970000175, filed April 8, 1997 ("AT&T Application"). (Attachment 4). In a Motion to Dismiss, filed April 11, 1997, SWBT took the position that these issues cannot be decided by the OCC, and must at best be the subject of a whole new negotiation and arbitration process under the Act. See SWBT, Motion to Dismiss Application, Oklahoma Corporation Commission, Cause No. PUD 970000175, filed April 11, 1997. (Attachment 5). The parties are now in the process of preparing an agreed order that would allow possibly all of the disputed issues to be decided by the OCC, although SWBT insists that this will constitute a "second arbitration."

⁵ On March 14, 1996, AT&T formally asked SWBT to commence negotiations for an interconnection agreement under Section 252 of the Act for Texas, Missouri, and Oklahoma. (Attachment 6). On June 11, 1996, AT&T made a similar request for Kansas and Arkansas. (Attachment 7).

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22. From the outset, SWBT endeavored to limit severely any substantive negotiations on UNEs. AT&T first raised the issue of UNEs on March 26, 1996, when AT&T provided SWBT with an overview of its requirements.⁶ SWBT responded that in its view, the Act's unbundling requirements applied only to four network elements -- the loop, the switch port, local switching, and local transport -- that SWBT acknowledged it was technically feasible to unbundle. This was a far more limited list of network elements than AT&T believed could and should be unbundled, and than the Commission ultimately required to be unbundled.

23. Over the next several months, AT&T shared its views with SWBT in numerous sub-team meetings as to what network elements were technically feasible to unbundle, and provided supporting information. These discussions did not prove fruitful. Indeed, SWBT even refused to concede that a network element such as signaling link transport could be unbundled even though that element was already available in an existing SWBT FCC tariff.⁷ By early July, it became clear that SWBT would not budge from its original limited UNE access position.⁸ Consequently, among the issues raised by AT&T in its arbitration petition filed in Oklahoma on July 29, 1996, was the issue of UNE access.

⁶ Overhead Presentation, "AT&T Communications Of The Southwest, Inc., AT&T/SWBT Negotiations" (March 26, 1996) (Attachment 8).

⁷ Letter from Nancy Dalton, AT&T, to Gary Juhl, SWBT (June 5, 1996). (Attachment 9).

⁸ Letter from Gary Juhl, SWBT, to Nancy Dalton, AT&T (June 21, 1996); Letter from Nancy Dalton to Gary Juhl, SWBT (July 3, 1996). (Attachment 10).

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24. The Commission issued its Local Competition Order on August 8, 1996 ("Local Competition Order" or "Order").⁹ Only in the wake of the Commission's Order -- 145 days after AT&T had made its interconnection request -- did SWBT finally agree to discuss comprehensive UNE access, including OSS and operator services and directory assistance.

25. The Commission's Local Competition Order made clear that at least eight UNEs must be provided on a non-discriminatory basis,¹⁰ and that SWBT's narrow view of even the few UNEs it acknowledged it must provide was incorrect. For example, the Commission found that UNE switching does include vertical features, rejecting SWBT's contrary position. Order, ¶ 412. AT&T and SWBT were already in arbitration, however, before SWBT belatedly acknowledged that it must comprehensively address UNE access in its interconnection agreement with AT&T. Even then, SWBT did not agree that it was required to offer the Commission-ordered UNEs until September 3, 1996, nearly one month after the Commission's Order and 170 days past AT&T's request for interconnection. Further, SWBT would not meet to discuss UNE OSS details until October 16, 1996,

⁹ Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, First Report and Order, FCC 96-325 (rel. August 8, 1996).

¹⁰ These UNEs include the unbundled loop, NID, local switching, interoffice transmission facilities, signaling and call-related databases, operations support systems, tandem switching, and operator services and directory assistance facilities. See Local Competition Order ¶¶ 366-541.

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approximately one week before the Oklahoma arbitration hearings were complete (on October 22, 1996).

26. SWBT's refusal to address comprehensive UNE access until the pre-arbitration negotiations and the arbitration process itself were virtually complete in Oklahoma (and in other Southwest Region states as well) deprived AT&T and the OCC of the opportunity adequately to address many UNE implementation issues. Moreover, SWBT's refusal to address UNE issues has persisted since the Arbitration Order entered by the OCC on December 12, 1996. In that Order, the OCC specifically found, with respect to UNEs and the platform, that "there should not be any restrictions placed on what unbundled elements may be purchased and reconfigured." OCC Order at 5. Notwithstanding that clear directive, negotiations in Oklahoma to implement the OCC Order in an interconnection agreement have taken several months, only to arrive once again at a stalemate on UNE issues. As a result of this stalemate, AT&T filed its Application (Attachment 4) requesting that the OCC have the Arbitrator resolve all outstanding issues -- including UNE issues -- that have thus far precluded reaching a final interconnection agreement. SWBT's response was to file its Motion to Dismiss (Attachment 5), arguing that these issues could not be decided by the OCC, and must at best be the subject of a whole new negotiation and arbitration process under the Act, because the record does not address in detail many of these issues. Thus, as matters presently stand, more than four hundred days after it first sought an

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interconnection agreement with SWBT, AT&T still has no agreement with SWBT in Oklahoma.

27. This same sequence of events occurred in Texas, which is the only state in the Southwest Region where AT&T and SWBT have been able to conclude an interconnection agreement. That agreement became effective January 21, 1997.¹¹ Because interconnection negotiations between AT&T and SWBT occurred at a corporate level and for multiple states, AT&T's post-arbitration order experience in Texas foreshadows what is likely to occur in Oklahoma with respect to implementation.

28. SWBT's success in delaying meaningful negotiation on most UNE issues in Texas means that many implementation issues could not be identified, much less resolved, in the arbitration proceeding. For example, notwithstanding a Texas arbitration order that establishes AT&T's right to access all of the UNEs individually and in combinations and without restrictions, as ordered by the Commission, subsequent to that order SWBT unilaterally (1) has asserted a right not to provide certain OSS capabilities and not to provide UNE combinations in an unrestricted manner; (2) has designed its internal processes to support UNEs in such a way that the UNE OSS capabilities will be degraded in

¹¹ Although it is effective, the Texas agreement is incomplete, because SWBT insisted on striking numerous provisions relating to UNEs on the grounds that the provisions were not specifically arbitrated nor agreed to. See SWBT, Comments of Southwestern Bell Telephone Company, Texas PUC, Docket Nos. 16189 et al., filed December 2, 1996. (Attachment 11). As a result, AT&T is in a second round of negotiations and may well have to go through a second arbitration to achieve the comprehensive interconnection agreement it requested, negotiated, and petitioned to arbitrate the first time around.

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the areas of pre-ordering, installation, and repair/maintenance in comparison to both resale and SWBT's treatment of itself; and (3) has asserted the right to impose UNE rates and charges and numerous other charges not recognized in the agreement. SWBT's post-arbitration conduct has created great uncertainty over what network elements and other provisions/capabilities are in fact available for purchase in Texas under the agreement, and at what prices. These same issues are now arising in Oklahoma, as described further in this Affidavit as well as in the Affidavit of Nancy Dalton and the Affidavit of Robert Falcone and Steven Turner, among others.

29. Further, SWBT's refusal to negotiate a comprehensive agreement on UNEs has required the parties to "resolve" a number of important contract issues through open-ended provisions that require joint action over the first several months of implementation -- e.g., definition of the parameters that will be measured to assure that the network elements SWBT provides to AT&T allow AT&T to provide a level of service to its own customers which is at least at parity with the local service SWBT provides its customers; development of ordering procedures for common-use elements, such as common transport, tandem switching, signaling and call-related databases; and development of ordering capabilities for customer-specific unbundled network elements. These open-ended provisions are so broad in nature that AT&T remains at the mercy of SWBT to ensure that implementation occurs in a manner that is both timely and that enables AT&T to serve its

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customers with, at a minimum, the same levels of quality that SWBT is able to provide its customers.

30. The bottom line is that the Texas agreement provides no assurance of AT&T's ability to enter the local service market in the near term through UNE-based services. AT&T's experience has been that the written words of the Texas interconnection agreement are insufficient to demonstrate that SWBT will provide access to unbundled network elements on terms that are just, reasonable, and nondiscriminatory in that State.

31. AT&T's experience with SWBT in Texas is directly relevant to SWBT's Section 271 application in Oklahoma in at least two ways. First, the SWBT interconnection agreements with Brooks Fiber Communications of Oklahoma, Inc. and Brooks Fiber Communications of Tulsa, Inc. ("Brooks"), and SWBT's Oklahoma SGAT, are at best subject to the same pricing uncertainties and implementation problems that AT&T has encountered in Texas. Indeed, as described in the Affidavit of Robert Falcone and Steven Turner, they purport to offer access to UNEs that is more limited than that required by AT&T's Texas agreement. Second, unless the OCC agrees to resolve many disputed UNE issues on which SWBT, in its Motion to Dismiss (Attachment 5), has argued the arbitration record is incomplete, these UNE issues will not be covered by the AT&T interconnection agreement with SWBT in Oklahoma, just as they are not in Texas. Moreover, even as to UNE issues that are addressed in the AT&T/SWBT draft interconnection agreement in Oklahoma, the Texas experience suggests there will continue to be significant uncertainties

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and implementation problems. Thus, in my view, the degree of access to UNEs in Oklahoma really cannot be known until these disputed UNE issues are resolved by the OCC and SWBT actually implements the UNE provisions of the agreement. Only then will SWBT possibly be in a position to show that it has fully implemented the competitive checklist.

B. SWBT Has Delayed Development Of Necessary OSS Interfaces For UNEs

32. AT&T's local services entry strategy requires that AT&T be able to offer its local exchange service on a prompt and timely basis, with a level of quality comparable to what current AT&T customers now experience with AT&T's long distance service, and at least equal to their current SWBT local service. The failure of some system or interface to operate properly from the customer's perspective would be a competitive disaster for AT&T as it seeks to meet customer needs for local services. The customer will be receiving "AT&T"-billed service, and AT&T must provide assured and consistent service quality. The customer will blame any problem on AT&T, even if SWBT is actually at fault. For this reason, AT&T has focused in particular on ensuring that OSS and the interfaces for OSS are capable of handling the volumes and types of transactions demanded by customers who desire AT&T to be their carrier. If the systems and processes on which AT&T depends do not have these capabilities, its reputation could be significantly and irreparably damaged.

33. The issue of SWBT's compliance with its obligations to provide OSS interfaces is discussed in detail in the affidavit of Nancy Dalton. The point I emphasize here is that SWBT has not provided AT&T with the level of cooperation AT&T needs on OSS

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interfaces to satisfy customers, particularly with respect to UNEs. To this day, for example, SWBT has failed even to give AT&T specifications to use to develop an electronic interface for ordering the platform.¹²

34. Although SWBT has made some progress in its efforts to develop electronic interfaces for OSS for resale orders, it is nowhere near being ready to offer tested and operational OSS electronic interfaces. To the contrary, SWBT has blocked AT&T's efforts to begin development of electronic interfaces for OSS for UNEs. UNE OSS interfaces for the platform are only in stage 1 (detailed interface negotiations) of the 7 necessary development and testing stages laid out in the Affidavit of Nancy Dalton. Although SWBT has talked about modifying the resale OSS to permit their use with UNEs, as explained in Nancy Dalton's Affidavit, much of the problem in the development of OSS interfaces for UNEs exists because other aspects of SWBT's anti-UNE strategy -- for example, its "design services" process¹³ -- impact the electronic interface development process. In short, SWBT's conduct in this area is the single biggest impediment AT&T now

¹² In Texas, this failure is evidenced by SWBT's continuing refusal to include any information on functionality or order types for the platform in its monthly status reports, notwithstanding AT&T's specific requests for this information and a specific clarification by the Texas PUC that the same intervals, functionality and order types apply to both resale and the UNE platform. See Letters to the Texas Commission dated March 21, April 7 and April 25, 1997. (Attachments 12, 13 and 14).

¹³ The "design services" process is described in detail in the Affidavit of Robert Falcone and Steven Turner and is briefly addressed in Part II C of this Affidavit, infra.

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faces to entering the market in Oklahoma and elsewhere in SWBT's territory in any meaningful way.

C. SWBT's "Design Services" Roadblock

35. SWBT's insistence on treating UNEs as "design services" is a particularly insidious operational roadblock to AT&T's use of the platform to compete with SWBT. The details of this roadblock, and how it violates the Act and its checklist requirements, is covered in detail in the Affidavit of Robert Falcone and Steven Turner. I have written to SWBT about this issue to express my objections and concerns.¹⁴

36. SWBT's "design services" requirement has serious cost and service quality consequences, and has no technical or other legitimate basis. As described in the Affidavit of Robert Falcone and Steven Turner, these consequences include: (a) interruption of the customer's service for a period averaging as much as 30 minutes (at a non-preassigned time); (b) loss of automated loop testing capabilities for POTS (both for preventative maintenance and for testing while the customer is on the line); (c) loss of the ability to obtain due dates and schedule appointments while the customer is on the line; and (d) additional and unwarranted non-recurring costs.

37. As Robert Falcone and Steven Turner demonstrate in their Affidavit, there is no technical or other legitimate reason for the "design services" requirement and the

¹⁴ Letter from Rian Wren, AT&T, to Stephen Carter, SWBT (April 3, 1997) (Attachment 15).